

CALIFORNIA CITIZENS COMPENSATION COMMISSION

**TRANSCRIPTION OF RECORDED CALIFORNIA CITIZENS COMPENSATION
COMMISSION MEETING HELD AT CALIFORNIA ENVIRONMENTAL
PROTECTION AGENCY SACRAMENTO, CALIFORNIA JUNE 19, 2017**

TRANSCRIBED BY: DONNA K. NICHOLS, RPR, CSR NO. 5660

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CHAIRMAN DALZELL: Uh, good morning. I'm Tom Dalzell, the Chairman of the California Citizens Compensation Commission, and I call this meeting to order. Could we please, uh, call the roll.

CLERK SNARR: Tom Dalzell.

CHAIRMAN DALZELL: Present.

CLERK SNARR: Matina Kolokotronis.

COMMISSIONER KOLOKOTRONIS: Present.

CLERK SNARR: Anthony Barkett.

COMMISSIONER BARKETT: Here.

CLERK SNARR: And Margaret Wong.

COMMISSIONER WONG: Here, yes.

CLERK SNARR: Nancy Miller.

CHAIRMAN DALZELL: So we have -- we have a quorum.

Um, and -- and, uh, best of all we have a new member, uh, member -- uh, Commissioner Wong, um, who has offered to take every difficult task that arises today and to be blamed for everything, uh, that is unpopular.

Uh, our -- our next order of business is to approve the Minutes from the June 1, 2016, Commission meeting. Um, and Commissioner Wong would not be involved in this vote.

Um, are there any, uh, corrections, additions, or deletions which, uh, commissioners would like to suggest?

COMMISSIONER BARKETT: Uh, I would just add -- I won't say this is a deletion, but I would just add that, you know, we did request to get that information from, uh, the Department of Finance, and we haven't received it, on how the unfunded liabilities for pensions and health care are treated in the budget, how it's calculated.

And I bring that up again because last year CalPERS changed their, uh, investment rate. And I know it costs cities and counties tens of millions of dollars. I don't know what the -- the amount was for the State, how it was, uh, calculated. But it's been something that's been bothering me for a while. I asked about it last year and we still don't have the answer for it.

CHAIRMAN DALZELL: Yeah, I am looking for the -- what page was that on?

COMMISSIONER BARKETT: In the Minutes?

CHAIRMAN DALZELL: Yes. We were just looking at it off the record.

COMMISSIONER BARKETT: Yeah. Well, I'm not sure.

It's really not a change to the Minutes, but there was -- I specifically requested and it said --

(Speaking over each other)

CHAIRMAN DALZELL: No, but I -- I would like to make the --

COMMISSIONER BARKETT: -- we'll get that from -- let

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me -- let me look here.

CLERK SNARR: I believe it's on page 6.

COMMISSIONER WONG: Six and 7. Page 6 and 7.

CHAIRMAN DALZELL: Yes. So if the staff could, um -- starting at page 6, line 24, carrying -- carrying through page 7, line 4, if the staff could please make sure that we have an answer from them, um, when we meet next year.

CLERK SNARR: We will do that for you.

CHAIRMAN DALZELL: All right. That said, is there a motion to approve the Minutes?

COMMISSIONER KOLOKOTRONIS: I'll make a motion to approve the Minutes.

CHAIRMAN DALZELL: Is there a second?

COMMISSIONER BARKETT: Second.

CHAIRMAN DALZELL: Those in favor?

COMMISSIONER WONG: Aye.

CHAIRMAN DALZELL: Aye.

COMMISSIONER BARKETT: Aye.

COMMISSIONER KOLOKOTRONIS: Aye.

CHAIRMAN DALZELL: Unanimously, uh, approved.

We now come to the, um, opening comments by Commission members. And let's just work from one end to the other.

Commissioner Barkett.

COMMISSIONER BARKETT: Uh, I would just like to welcome, uh, our new member --

COMMISSIONER WONG: Thank you.

COMMISSIONER BARKETT: -- and glad to have you on board.

And, uh, I have no other comments at this time.

COMMISSIONER KOLOKOTRONIS: I also want to welcome you, Commissioner. Welcome.

And I'm looking forward to our discussion today.

COMMISSIONER WONG: Well, I'm, uh, obviously new.

Um, I am very glad to join the Commission and looking forward to all the challenges.

CHAIRMAN DALZELL: Uh, I have -- I have a few comments. I just want to, uh, remind us what we have learned, uh, in the -- in the last few years.

Um, first, we have learned that the salaries of legislators, uh, in all probability have no impact on the State budget. The Assembly and the Senate have a bottom-line budget, and an increase in the salary does not and cannot increase that bottom-line budget, and a reduction, uh, does not require a reduction in that, uh, budget.

Uh, the executives, the constitutional officers that we are looking at, uh, their combined salaries are about \$2

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million. The State budget is 171 billion. So, uh, with the legislators there's no impact, there is not a statistically significant impact on the constitutional officers.

That said, what we do, um, uh, has a strong social value and symbolic -- politically symbolic value. Uh, we're not fooling ourselves about what we're doing with the budget. But we think it's very important, the signal that we send, um, as we send it.

Uh, secondly, uh, our -- our data shows us that California legislators and constitutional officer's salaries are greater than they are in most states. Uh, the underlying statute does not direct us to look at other states. Uh, we have every year, at least as a matter of information.

We've also recognized the comparisons are difficult because of populations, and sizes of districts, and pension benefits in other states, and the fact that many of the Legislatures that were compared to are -- are part time.

Thirdly, we have learned that California legislators are, uh, paid less than the -- uh, legislators and constitutional officers are paid less than their counterparts in the third branch, the judicial branch.

Uh, fourthly, we have learned that, uh, State legislators and constitutional officers are paid far less than their counterparts in city and county government in larger counties where there's a most direct popular control over salaries.

Fifth, we have, um -- we know that these salaries are today approximately 90 percent of what they were in 2007.

Uh, we have raised salaries for the last three years but still are 90 percent of where we were in 2007.

And lastly, I'll note that the, uh, Service Employees International Union, which is the union representing the largest group of State employees, has negotiated a four percent increase for its members working for the State.

So those are my, uh, history lessons. Um, and I -- I don't, uh, draw any conclusions from them. Uh, just reminding us what we have learned over the years.

Um, is there any, uh, carry-over discussion from our 2016 Commission meeting other than that which Commissioner Barkett -- Barkett -- Barkett --

COMMISSIONER BARKETT: Barkett.

CHAIRMAN DALZELL: -- Barkett, uh, has mentioned?

Any carry over?

Hearing none, um, is there any public testimony, anybody in -- in -- in the audience who would like to speak on the -- on the subject of compensation for our legislators and constitutional officers? None have indicated an

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interest beforehand.

Uh, going once, going twice, gone.

Uh, staff reports. What do we have in our binder, uh, which I believe is posted on the website?

CLERK SNARR: Uh, yes. The Agenda, and the Public Notice, and the salary surveys are all posted on the, um, CCC website.

Um, so we have the Agenda, uh, the Public Meeting Notice. We have the meeting Minutes from the June 1st, 2016, meeting. And we have the Resolution from that meeting. We have salary surveys of, um, state officials in other states. We have the State administrative, um, annual salaries. And we have the, um, State service -- uh, State Civil Service salary history, including the rank and file and the excluded. And we have the, uh, numbers, terms, and party affiliations for State legislators 2016. We have the State legislative retirement benefits and as well as the health benefits for, um, the constitutional legislative officers.

And in front of you I provided a copy of the, uh, Department of Finance certification letter.

CHAIRMAN DALZELL: And that is a certification which is a prerequisite to any salary increase motion that we may deem appropriate.

CLERK SNARR: Correct.

CHAIRMAN DALZELL: All right. And the exact nature of that we -- we -- we want to know a little bit more about that next year.

COMMISSIONER BARKETT: Yeah. Please. Yes.

CHAIRMAN DALZELL: I'll just note that within the salary survey we -- we -- we do look at, uh, other states. Um, but we also have in here comparisons with, um, city executives, uh, county executives, uh, school districts, um -- and in the past we've had local district attorneys. I don't think we have those now.

Um, so thank you staff.

Um, Commission discussion. Uh, does anybody want to, uh, dip their toe in and -- and get us started on where we might be headed today?

COMMISSIONER KOLOKOTRONIS: I can start here.

Um, I think if you think about it, it's -- um, 2007 was the -- you know, 2008, the great recession in the State of California. And it's been ten years. And we have taken a very moderate approach after a -- you know, the cuts. And -- and -- and that was completely justified.

I think it's relevant that the public employees got a, you know, four percent. I'm not saying that we would do a four percent, but I'm saying that we should, you know,

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have the discussion and think about, you know, ten years -- we're ten percent away from where we were then.

I don't know if you guys want to have a discussion about that. And maybe, you know, what -- what we would do today would be slow and maybe incremental, or maybe not, depending on, you know, where your thoughts are right now.

COMMISSIONER BARKETT: Uh, I would just add on that out of all the facts that you gave, uh, Tom, and I appreciate that -- uh, that kind of laundry list of facts that we have learned -- that I've learned since being on the Commission, to me the most compelling is that we're still under the 2000, uh, level.

Um, I am concerned and remain concerned about the things that I asked about before, because working a lot with local governments I -- I see how they're paralyzed by solving a lot of the problems, whether it be homelessness, or affordable housing, or, uh, police, uh, retention, things of that sort because they have these pension problems.

So -- and -- and more and more the State is pushing a lot of these problems down on the local level. And the feds are pushing it on the State, and the State's pushing it down on the local level. So we come in here and we see, oh, a surplus, but we're not looking at the fact that a lot of these problems aren't being addressed.

And I know that's not our purview here. I realize that. But, um, I think we're -- we kind of get -- we kind of get boxed in. And that's kind -- just why I want to understand -- understand that problem. And you throw in now with the Affordable Care Act, which the governor warned us, this will be catastrophic for the State if something happens this year.

So we're sitting here -- and I'm -- I'm for a moderate increase again because of, like I said, the 2007 levels, and also we're not really affecting a budget. It is largely ceremonial.

But, still, our legislators need to address these bigger problems. And if there's a message I'd like to send, to -- it's time to tackle those -- those bigger problems and stop kicking the can down the road and pushing these problems down, uh, on the local level because they can't solve them because they're too worried about, uh, the pension problems.

So, uh, I'm for a moderate -- moderate increase.

CHAIRMAN DALZELL: I'd like to explain, uh, for Commissioner Wong's benefit how it is that, uh, legislative and constitutional officer salaries are below 2007 levels. When the recession of 2008 began, State employees retained their salary levels and savings were achieved by

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furloughs.

COMMISSIONER WONG: Mm-hmm.

CHAIRMAN DALZELL: So their earnings reduced while their salaries remained the same. Once the economic crisis passed and they were no longer furloughed, they were in the position that they had been when it began.

Uh, this Commission, uh, I -- I don't think it would be practical to -- to furlough a legislature or -- or constitutional officers. So the Commission, uh, in 2008 began a reduction of salaries. And so when the crisis passed, um, they were less than 80 percent of what they had been in 2007.

And we've slowly incrementally built back up. But there was just a very different treatment between legislators and constitutional officers on the one hand and State employees on the other. Uh, and it was appropriate. Not judging it or -- or condemning it. It was the only way to achieve the savings, I think. Um, but that -- that's why we are where we are.

Um, would you like to --

COMMISSIONER WONG: Yes. I, uh -- first of all, I think the Commission and, uh, Dalzell, that you, uh, provided seven points at the very beginning are very helpful. And I understand, uh, that the level of 2007 and today we're still about 90 percent of the level of 2007. And being a small business we always look at, you know, what point that you want to increase salary. Um, you know, we look at whether or not going to be any economic, uh, you know, downturn, uh, which we don't at this point. And whether or not there's a increase of the standard of living, which obviously we have some. And whether or not we can afford it, so we're talking about within the budget. And also we're talking about comparable with other state, and looks like that we are. And, uh -- and even that some of them are even lower than some of these, uh -- the level of the management and so on.

So I think that, um -- and we're still at 90 percent of the, uh, 2007. I would, um -- I'm a little bit surprised we're still at the 90 percent. And so I -- I am, uh -- do advocate for a nominal increase because of these, uh, facts that I just described, and being a normal business and -- and be able to, uh, suggest for a nominal increase.

CHAIRMAN DALZELL: Well, so we've heard the words nominal, moderate, modest.

Does anybody want to be brave and -- and suggest a number that we would discuss?

COMMISSIONER BARKETT: I -- I would suggest three percent.

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COMMISSIONER KOLOKOTRONIS: I think that's where I'm thinking too.

CHAIRMAN DALZELL: Commissioner Wong.

COMMISSIONER WONG: Yes, I think three percent is a nominal number that I have in mind.

CHAIRMAN DALZELL: Well, um, let's make a motion and let's -- let's vote then and -- and we'll -- we will, uh, ask that the roll be called for the vote.

COMMISSIONER WONG: You ask for public comment before the vote?

CHAIRMAN DALZELL: Yes.

Uh, in light of where we seem to be headed, which seems to be a three percent increase, um, is there at this point any public comment?

Thank you. Thanks for that reminder.

Uh, motion?

COMMISSIONER BARKETT: Yeah, I make a motion to, uh, increase, um, the 2016 salaries by three percent across the board for all of the, uh, State officers and the Assembly.

CHAIRMAN DALZELL: And otherwise maintain the language in the 2016 Resolution?

COMMISSIONER BARKETT: Yes.

CHAIRMAN DALZELL: Is there a second?

COMMISSIONER KOLOKOTRONIS: I'll second that.

CHAIRMAN DALZELL: Could you please, uh, call the roll or --

CLERK SNARR: Martina Kolokotronis.

COMMISSIONER KOLOKOTRONIS: Yes.

CLERK SNARR: Anthony Barkett.

COMMISSIONER BARKETT: Yes.

CLERK SNARR: Margaret Wong.

COMMISSIONER WONG: Yes.

CLERK SNARR: Tom Dalzell?

CHAIRMAN DALZELL: Yes.

Is there any further business, uh --

COMMISSIONER BARKETT: No, the only thing I would ask is, you know, last year -- and I don't want to keep harping on this. But last year I asked for that same information. So, you know, I'd be happy to, uh, sit down with people at the Department of Finance, you know, if I could -- somebody can arrange a meeting for me. I don't know if it would be appropriate for me to -- to, uh, call over there or -- you know, we could -- I'd be happy to prepare something and -- and bring it back and get it out.

I don't want to -- I don't want to wait until next year, you know, two weeks before and either find out that it's not in there or, um, you know, we've got to scramble, I have more questions, and stuff like that.

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So I'd like to be a little bit more proactive in understanding this. I'd be willing to take the time to go meet with somebody, uh, if I had to. And I just put that out on the record if that's necessary.

CHAIRMAN DALZELL: I would -- I would support that idea. Because when we say we're going to do something next year, you know, the week before the meeting we look at the binders and said, oh, my goodness.

COMMISSIONER BARKETT: Yeah.

CHAIRMAN DALZELL: Uh, it's too late then. So if we can do something, um, soon, uh, and then that -- that information can be shared. I mean, you can ask the questions you want to ask, they can write us, uh, in light of those questions and -- and that can be distributed among the whole Commission.

CLERK SNARR: Uh, we will see what we can do about coordinating that, and we'll work with you --

CHAIRMAN DALZELL: All right.

CLERK SNARR: -- on that.

COMMISSIONER BARKETT: And, like I said, I can -- I can prepare some questions too if that would, uh, facilitate it.

CLERK SNARR: Okay. That would be great.

CHAIRMAN DALZELL: Yeah.

COMMISSIONER WONG: I also have one request that I -- I, um, saw your attachment E that kind of tell you the history of the salary increase or decrease.

Um, recommendation is if you can provide a, uh, historical chart, uh, it would be very helpful that, um, the increase or the decrease of the salary amount, it would be at one glance we know what's the history of, uh, all these years instead of going back to each year of your Minutes. So it --

CHAIRMAN DALZELL: And we pre -- prepare a single-page summary of the information presented in pages 1 through 6 of attachment E to the orientation binder.

COMMISSIONER WONG: Yes.

CHAIRMAN DALZELL: Good idea --

COMMISSIONER WONG: Yeah.

CHAIRMAN DALZELL: -- for next year.

Well, I thank the staff for their hard work preparing for this. And, uh, with, uh, nothing further to do I adjourn this meeting.

COMMISSIONER BARKETT: Thank you.

COMMISSIONER KOLOKOTRONIS: Thank you.

COMMISSIONER WONG: Thank you.

COMMISSIONER BARKETT: See you next year.

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Dated: JULY 13, 2017

/s/ DONNA K. NICHOLS, RPR
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CSR NO. 5660